



**Responses to Inquiries  
RFP 14-01  
Annuity Services Provider**

1. Is there a reason for the apparent drop off in the level of plan annuitizations in the 4<sup>th</sup> quarter of 2013?

Answer. INPRS cannot speculate on any member's decision to annuitize, delay or forgo annuitization during the fourth quarter of 2013. However, INPRS did experience a planned blackout period of approximately two (2) weeks during the fourth quarter of 2013 relating to the implementation of new technology infrastructure. Additionally, in INPRS' experience, many teachers retire in the 2nd and 3rd quarters so a larger number of annuities may be issued during such periods, followed by a decrease in the teachers' retirements for the 4<sup>th</sup> quarter.

2. Page 5 of the RFP refers to the existence of statutory exceptions to a member's inability to change his or her retirement options election. Could this permit an INPRS annuitant to change his or her benefit form (e.g., from Single Life to Joint Life) subsequent to the commencement of benefit payments under the annuity? If so, under what circumstances would this be permitted?

Answer. Please refer to Indiana Code relating to changes in beneficiary designations and retirement option elections available at IC 5-10.2-4-7 and IC 5-10.2-4-7.2, available at <http://www.in.gov/legislative/ic/code/title5/ar10.2/ch4.html>.

In summary of the Indiana pension law:

- a member who files for regular or disability retirement may **not** change: (1) the member's retirement option; (2) the selection of a lump sum ASA payment; or (3) the beneficiary designated on the member's application for benefits if the member selects the joint and survivor option; after the first day of the month in which benefit payments are scheduled to begin.
- a member **cannot** undo the election to annuitize, but with respect to state pension and the choice of survivor or straight life, **the member may make a change if a member is receiving a benefit from a fund and:**
  - (1) the member's designated beneficiary dies;

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(2) the member and the member's designated beneficiary have been parties in a marital divorce in which a final order was issued after the member's first benefit payment is made; or

(3) the member marries after the member's first benefit payment is made, and: (A) the member's designated beneficiary is not the member's current spouse; or (B) the member has not designated a beneficiary.

- a member may make the election to: (1) change the member's designated beneficiary or form of pension benefit and receive an actuarially adjusted and recalculated benefit for the remainder of the member's life; or the member's life and the life of the newly designated beneficiary. A member making the election may not elect to change to a five (5) year guaranteed form of benefit. A divorced member may not make the election if a final order or property settlement in an action for dissolution of marriage: (1) prohibits a change in the member's designated beneficiary; or (2) provides a right to a survivor benefit to a person who would be removed as the designated beneficiary.

3. Page 5 of the RFP also states that if a survivor dies or if the member remarries, there may be changes to the member's monthly annuity amount. Please confirm that this feature would not apply to the annuity benefits that would be provided by an insurer under this proposal.

Answer. See response for question #2.

4. Please specify whose death – the member only; either the member or the spouse – will cause a reduction in the benefit amount under the Joint Life with 66 2/3% with Spouse and Joint Life with 100% with Spouse benefit forms.

Answer. When a member elects the 66 2/3% or 50% (Pension option 40 or 50 PERF or B2 and B3 TRF) the elected beneficiary would receive the reduced benefit upon the death of the member. The 100% benefit would remain the same for the beneficiary as it was for the member.

5. One of the benefit options is a Five Year Guaranteed Benefit. Is this purely a 5 year certain period annuity, or does this include a life contingent benefit after the 5 year guaranteed payments?

Answer. It is purely a five year guaranteed benefit. For purpose of clarity, under such Five Year Guaranteed Benefit option, if a member dies before receiving benefits for five years, the member's designated beneficiary will receive either the monthly benefit for the remainder of those five years or the present value of those payments in a lump sum (i.e., the benefit is not contingent on the beneficiary's life).

6. The proposal requests sample annuity quotes on both a male and female basis. Under private employer sponsored defined contribution plans, annuities are normally priced on a

unisex basis to avoid any perception of gender discrimination. Please confirm that the annuities to be purchased by INPRS members are to be priced on a sex distinct basis.

Answer. INPRS currently issues annuities based on actuarial-calculated unisex rates based on our member population. The System anticipates the new annuity provider would likewise issue annuities based on unisex rates. INPRS requests respondents complete the new Appendix B attached hereto, in place of the previously distributed Appendix B on page 41 or the RFP.

7. The minimum qualifications require the firm to be licensed and insured in all 50 states. Does the contract need to be through one legal entity that is licensed in all 50 states, or can it be through multiple companies that all fall under the parent company umbrella?

Answer. INPRS will consider various contractual arrangements including an engagement with multiple affiliated companies; however, a strong preference will be with engaging a single company to provide the requested services.

8. Are COMDEX scores required for this response? As an alternative, are other reputable rating companies acceptable such as Moody's, Standard & Poor's, Fitch and A.M. Best.?

Answer. INPRS requests that you please provide your COMDEX score (along with any material changes over the past five (5) years) if one is available for your company. If a COMDEX score is unavailable, INPRS will still consider the merits of your proposal.

9. We intend to provide short biographies as opposed to detailed resumes for our individuals responsible for these services. Are bios sufficient for this response?

Answer. Yes, providing brief biographies will be a sufficient response at this time; however, INPRS reserves the right to request expanded resumes at a later stage in the procurement process if a clarification is needed.

10. There are a number of successful and strong life insurance companies, including ours, which choose to not be licensed to do business in New York state because they require their onerous requirements be applied in all states. Would this disqualify us as a respondent?

Answer. Failure to be licensed in New York (or any other jurisdiction) will not preclude consideration of the merits of a proposal; however, INPRS requests that such respondent address how it intends to (i) issue and service an annuity contract request that originated from a member residing in such jurisdiction and (ii) the impact of potential insolvency on the ongoing future payouts to residents of such jurisdiction.

## APPENDIX B – MANDATORY RESPONDENT FORMS

Dates for Quotes:	Single Life Annuity, age 60	Single Life Annuity, age 62	Single Life Annuity, age 65	Single Life Annuity, age 70					
	Male	Female	Unisex	Male	Female	Unisex	Male	Female	Unisex
12/31/2013									
3/31/2013									
3/31/2012									
3/31/2011									
3/31/2010									

  

Dates for Quotes:	Five Year Guaranteed, age 60	Five Year Guaranteed, age 62	Five Year Guaranteed, age 65	Five Year Guaranteed, age 70					
	Male	Female	Unisex	Male	Female	Unisex	Male	Female	Unisex
12/31/2013									
3/31/2013									
3/31/2012									
3/31/2011									
3/31/2010									

  

Dates for Quotes:	Joint w 100% age 60	Joint w 100% age 62	Joint w 100% age 65	Joint w 100% age 70					
	Male	Female	Unisex	Male	Female	Unisex	Male	Female	Unisex
12/31/2013									
3/31/2013									
3/31/2012									
3/31/2011									
3/31/2010									

Dates for Quotes:	Joint w 66 2/3% age 60			Joint w 66 2/3% age 62			Joint w 66 2/3% age 65			Joint w 66 2/3% age 70		
	Male	Female	Unisex	Male	Female	Unisex	Male	Female	Unisex	Male	Female	Unisex
12/31/2013												
3/31/2013												
3/31/2012												
3/31/2011												
3/31/2010												

Dates for Quotes:	Joint w 50% age 60			Joint w 50% age 62			Joint w 50% age 65			Joint w 50% age 70		
	Male	Female	Unisex	Male	Female	Unisex	Male	Female	Unisex	Male	Female	Unisex
12/31/2013												
3/31/2013												
3/31/2012												
3/31/2011												
3/31/2010												

**Assumptions:**

- 1 Amount quoted is per \$10,000 received in a premium
- 2 Spouses and beneficiaries are to be assumed to be the same age as the annuitant